

STATE BUDGET AND CONTROL BOARD

MEETING OF January 31, 2008

REGULAR SESSION

ITEM NUMBER 8

AGENCY: Procurement Services Division

SUBJECT: Waiver to Extend the Maximum Time on a Multi-term Contract for Winthrop University

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to five years unless otherwise approved by the Board. Winthrop has asked the Materials Management Office to seek Board approval to authorize Winthrop to contract for up to ten (10) years for its food service operations. Winthrop officials believe a contract term of ten years will attract greater capital investment by the offerors in a new food court, a coffee house, a new food service operation for campus visitors, faculty/staff, and special occasions, and provide for general upgrade the campus facilities while minimizing the impact of debt service on food service rates to the students. They hope for capital investment of \$4.55 million by the new contractor

BOARD ACTION REQUESTED:

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), grant Winthrop University's request for a multi-term contract for food service operations and authorize the solicitation of proposals and award of a contract for up to ten (10) years.

ATTACHMENTS:

Agenda item worksheet; Letter of request from Winthrop University; Section 11-35-2030(4) of the SC Consolidated Procurement Code

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting scheduled for: January 31, 2008

Regular Agenda

Submitted by:

(a) Agency: Procurement Services Division

(b) Authorized Official Signature:

Vaight Shealy

R. Voight Shealy, Materials Management Officer

2. **Subject:** Waiver to extend the maximum time on a multi-term contract for Winthrop University

3. Summary Background Information:

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to five years unless otherwise approved by the Board. Winthrop has asked the Materials Management Office to seek Board approval to authorize Winthrop to contract for up to ten (10) years for its food service operations. Winthrop officials believe a contract term of ten years will attract greater capital investment by the offerors in a new food court, a coffee house, a new food service operation for campus visitors, faculty/staff, and special occasions, and provide for general upgrade the campus facilities while minimizing the impact of debt service on food service rates to the students. They hope for capital investment of \$4.55 million by the new contractor

4. What is Board asked to do?

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), grant Winthrop's request for a multi-term contract for food service operations and authorize the solicitation of proposals and award of a contract for up to ten (10) years.

5. **What is recommendation of Board division involved?** As stated in Item 4. above.

6. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. List of supporting documents:

(a) Letter of request from Winthrop University

(b) Section 11,35-2030(4) of the SC Consolidated Procurement Code



WINTHROP

UNIVERSITY

Office of the President

January 14, 2008

Mr. Delbert H. Singleton
Director, Procurement Services Division
Materials Management Officer
1201 Main Street, Suite 600
Columbia, SC 29201

Dear Mr. Singleton:

Winthrop University's contract for Food Service Operations expires June 30, 2007. We are in the process of finalizing specifications to issue an RFP to establish a new contract for these services. In accord with Section 11-35-2030 and 19-445-2135 of the Consolidated Procurement Code and Regulations, Winthrop University is requesting approval to solicit the Management and Operation of our University Food Services for a ten year contract. Given what we are asking from a contractor, in terms of guarantees and returns, capital investment, and services, we believe we will not receive good financial proposals unless we can offer a contract with a length of ten years. The term will commence July 1, 2008 and run through June 31, 2018.

Previously we have contracted for seven one year terms. We now are in a position where it best serves the institution to seek a longer term and we are requesting approval for a contract term of ten (10) years because of the following:

- We are already starting the multi-year construction of our major new campus center and we need to have our food services contractor invest and participate with us in the construction and outfitting of the new center's state-of-the-art food court, coffee house, and other convenience offerings.
- We have also started a new building where we plan to offer, shortly after the new food service contract is awarded, an on-going food service operation for campus visitors, faculty/staff, and special occasions.
- In the near future, we also plan to identify space to possibly construct new housing and a Greek Village, both of which will require expanded or new board facilities.

A ten (10) year term will make our contract more attractive to potential vendors and therefore increase competition in the bidding process. We believe we will get more investment dollars, lower costs to students, increase competition, and gain stability. Winthrop, its students, and the State will benefit by offering this bid option for our food services business.

We look forward to hearing from you regarding the approval of this ten year term contract.

Sincerely,

Anthony J. DiGiorgio

EXCERPT FROM THE CONSOLIDATED PROCUREMENT CODE

SECTION 11-35-2030. Multi-term contracts.

(1) Specified Period. Unless otherwise provided by law, a contract for supplies, services, or information technology must not be entered into for any a period of more than one year unless approved in a manner prescribed by regulation of the board. The term of the contract and conditions of renewal or extension must be included in the solicitation and funds must be available for the first fiscal period at the time of contracting. Payment and performance obligations for succeeding fiscal periods must be subject to the availability and appropriation of funds for them.

(2) Determination Prior to Use. Before the utilization of a multi-term contract, it must be determined in writing by the appropriate governmental body that:

- (a) estimated requirements cover the period of the contract and are reasonably firm and continuing; and
- (b) such a contract serves the best interests of the State by encouraging effective competition or otherwise promoting economies in state procurement.

(3) Cancellation Due to Unavailability of Funds in Succeeding Fiscal Periods. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the contract must be canceled.

(4) The maximum time for a multi-term contract is five years. Contract terms of up to seven years may be approved by the designated board officer. Contracts exceeding seven years must be approved by the board.